

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Komyo America Co Inc

California Manufacturing Technology Consulting

Komyo Increases Revenue With Assistance From CMTC

Client Profile:

Komyo America, a subsidiary of Honda Logistics, functions as an internal third party logistics provider. Located in Chino, California, the company has been in business in the U.S. since 2002 and employs 175 people.

Situation:

Komyo America contacted the California Manufacturing Technology Consulting (CMTC), a NIST MEP network affiliate, to conduct an assessment to determine cost improvement areas in the Komyo distribution center. To improve competitiveness and position the company to acquire new business, Komyo chose to address the areas of container logistics, crossdock receiving and shipping operations, "in-house" warehouse operations, "dealer" order processing, inventory control operations, headcount analysis, operational finance review, information systems review, security review and management/supervisor/assessments.

Solution:

CMTC conducted reviews with site managers throughout the Chino distribution center using process improvement and Value Stream Mapping tools. Following this phase, mentoring of employees and "hands-on" guidance in the various techniques necessary to support improvement within the center were implemented. Employees continuously modified the original solution for the precise fit to the specific departmental and center requirements. Mentoring continued onsite for six months, allowing Komyo management to focus on the day-to-day operations and continue to develop the skills to move the business forward. All new processes were documented to preserve the knowledge from the project for potential future use at new Honda site operations. Additional information systems projects and management/supervisor training programs established new processes that allowed Komyo team members to proactively identify and resolve issues before they had an impact on Honda USA and its customers.

The project reaped several benefits including an operational improvement goal of 40 percent and moved Komyo from a "middle of the pack" to a "Best in all categories" in six months. The project also became a catalyst for Komyo to earn the opportunity to develop additional Honda USA Logistics sites. Improvements in the crossdock operations have eliminated the backlog of incoming containers. Process improvements in the "dealer" processing, inventory control and information systems have all contributed to an overall lead-time reduction of 6 days to the end user. Reduction in overtime hours netted significant annual labor savings. While overtime was being decreased, volume was on the rise which led to an increase in Komyo's most important performance measure: lines per man-hour.

Results:

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- * Increased sales by \$30 million.
- * Increased productivity by 262 percent, saving \$3.3 million.
- * Increased inventory accuracy from 90 percent to 99.9999 percent.
- * Reduced lead-time by 6 days.
- * Reduced overtime hours.

Testimonial:

"We needed improvement now! California Manufacturing Technology Consulting exceeded our expectations."

Richard Franklin, Director of Logistics